MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2016/2017

PAT0074 – INTRODUCTION TO FINANCIAL ACCOUNTING

(Foundation in Business)

18 OCTOBER 2016
2.30 p.m. – 4.30 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **SIX** pages with **FIVE** questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

STRUCTURED QUESTIONS [100 MARKS]

Instructions: Answer **ALL** questions. Write your answers in the Answer Booklet.

QUESTION 1

Part A

Philea Trading, purchased new equipment at a cost of RM150,000 at the beginning of the year. The equipment has an estimated life of 5 years and estimated residual value of RM12,000.

Assume that the equipment was depreciated at 40% per annum under the reducing-balance method. In the first week of the fifth year, the equipment was disposed with a cash proceed of RM10,000.

Required

a) Using the reducing balance method, calculate
   i) The annual depreciation for each of the four years of the useful life of the equipment
   ii) The accumulated depreciation at the end of each year
   iii) The net book value of the equipment at the end of each year
(6 marks)

b) Prepare four journal entries to record the disposal of equipment.
(8 marks)

Part B

A business had always made an allowance for doubtful debts at the rate of 2.5 percent of accounts receivable. On 1 January 2015 the opening balance of allowance for doubtful debts, brought down from the previous year was RM200. On 31 December 2015 the accounts receivable balance was RM15,000 (before bad debts) and the usual allowance for doubtful debts is to be made.
During the year 2015 the bad debts written-off amounted to RM600.

REQUIRED

a) Prepare the allowance for doubtful debts account for the year. (3 marks)

b) Show the relevant extract from the Statement of Financial Position as at 31 December 2015. (3 marks)
(Total 20 marks)

Continued...

QUESTION 2

The treasurer of the MMU Cricket Club has prepared the following receipts and payments account for the year ended 31 December 2015:

	Receipts	RM		Payments	RM
Jan 1	Cash in hand	7	Dec 31	Salaries	641
	Balances at bank:			Rent of ground	100
	Current account	159		Repairs to pavilion	69
	Deposit account	617		Cricket equipment	34
Dec 31	Members' subscriptions	453		New mower (less proceeds of sale of old mower RM45)	155
	Surplus on charity dinner	293		Secretarial expenses	47
	Deposit interest	28		Insurance	48
	Donation	310		Cash in hand	15
				Balances at bank:	
				Current account	118
				Deposit account	640
		1867			1867

You are given the following additional information:

1) The book values of the non-current assets on 31 December 2014 were: pavilion RM1,450 (cost RM3,200) and mower RM15 (cost RM135).

2) The other current assets and liabilities were as follows:

	31/12/2014	31/12/2015
	(RM)	(RM)
Subscriptions due but not received	57	43
Insurance paid in advance	12	8

3) RM150 is to be provided for depreciation of the pavilion for the year, but no depreciation is to be provided on the old mower and new mower. Expenditure on the cricket equipment is to be written off in the year in which it is incurred.

REQUIRED

a) Prepare the subscription account for 2015. (4 marks)

b) Prepare the income and expenditure account for the year ended 31 December 2015. (16 marks)

(Total 20 marks)

Continued...

QUESTION 3

Amir and Arsyad have been in partnership and always shared profits and losses 5:3. The net profit, before any adjustments, amounted to RM120,000 for the year ended 31 May 2016.

The adjustments needed on 31 May 2016:

i) Bad debts written off RM1,000.
ii) Reduce allowance for doubtful debts by RM500.
iii) Accrued expenses RM1,100
iv) Prepaid expenses RM800
v) Unearned revenues RM1,200
vi) They are entitled to a 10% per annum interest on capitals; Amir having RM50,000 capital and Arsyad RM50,000 capital.
vii) They charged interest on drawings, Amir being charged RM1,500 and Arsyad RM2,000.
viii) Amir and Arsyad are entitled to salary of RM18,000 and RM15,000 respectively.
viiii) Cash drawings made by each of them is RM10,000 during the year.

REQUIRED

a) Prepare the Statement of Profit or Loss, and appropriation account for the year ended 31 May 2016 showing how the net profit is being shared between the partners.

(20 marks)

(Total 20 marks)

Continued...

QUESTION 4

Part A

Daisy Ltd. owns 1,000,000 shares of RM0.60 each. 500,000 shares was issued to the public and fully subscribed. RM0.50 per share were called up and the amount called up was received except for 25,000 shares. Calculate the following categories of capital:

a) Authorised capital (1.5 marks)
b) Issued capital (1.5 marks)
c) Unissued capital (2 marks)
d) Called up capital (1.5 marks)
e) Uncalled capital (2 marks)
f) Paid up capital (2 marks)
g) Calls in arrears (1.5 marks)

Part B

Breeze Bhd. has 100,000 shares of RM1 par ordinary shares and 100,000 shares of RM4 par 10% preference shares. You are required to complete the following table by indicating how the dividends should be distributed. The preference shares are cumulative shares.

Year	Total dividends (RM)	Preference dividends		Ordinary dividends	
		Total (RM)	Per share (RM)	Total (RM)	Per share (RM)
1	65,000				
2	44,000				
3	32,000				
4	50,000				

(8 marks)

(Total 20 marks)

Continued...

QUESTION 5

Part A

Selected transactions for Fine Communication Company are listed below:

a) Cash sales of merchandise inventory
b) Cash payment of dividends
c) Sold buildings and equipment for cash
d) Collected accounts receivable
e) Depreciation expense
f) Cash receipts for interest income
g) Cash receipts from disposal of plant assets
h) Gain on sale of building
i) Cash payment of salaries
j) Repaid five year note payable

REQUIRED

Classify each transaction as either an **operating activity**, an **investing activity**, a **financing activity**, or **non-cash item**. (10 marks)

Continued...

Part B

The statement of financial position and profit and loss and comprehensive incomes for the year ended 30 June 2016 of YY Corporation are given below:

YY Corporation
Statement of Financial Position (Extract)
As at 30 June 2016

	RM	RM
Non-Current Assets:		
Non-current assets, at cost	60,000	
Less Accumulated Depreciation	20,000	40,000
Current Assets:		
Inventory	57,000	
Receivables	22,000	
Cash	11,000	90,000
Total Assets		130,000
Current Liabilities		(30,000)
Net Assets		100,000

YY Corporation
Statement of Profit or Loss, and Comprehensive Incomes (Extract)
For the year ended 30 June 2016

	RM	RM
Sales		160,000
Less cost of sales:		
Inventory at 1 July 2015	39,000	
Purchases	114,000	
	153,000	
Less inventory at 30 June 2016	57,000	96,000
Gross profit		64,000
Less general expenses		56,000
Net profit for the year		8,000

REQUIRED

Calculate the following ratios:

a) Net profit for the year as a percentage of sales (2.5 marks)

b) Current ratio (2 marks)

c) Quick ratio (2.5 marks)

d) Inventory turnover (3 marks)

(Total 20 marks)

End of Paper